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SRG

22 APR 75

21 April 1975

DCI BRIEFING FOR  
22 APRIL SRG MEETING

PANAMA

I. I will speak about two general areas regarding the treaty negotiations:

-- first, briefly, the substantive one of what the Panamanians feel they need if they are to sign a treaty.

-- secondly, the question of what we can expect from several possible results of the current negotiations.

A. There are two main substantive issues.

1. The first is the duration of the treaty.

Panama has announced publicly twice, most recently in the March 1973 UN Security Council meeting in Panama, that it can never accept a 50-year period. To most Panamanians this seems like perpetuity -- which <sup>is</sup> ~~was~~, to them, an especially abhorrent feature of the 1903 treaty.

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2. The second is the Panamanian pressure for more land and water. We believe that Torrijos must obtain some visible benefit to Panama at the treaty's outset, especially for the constricted Panama City.
- B. On the possible results of negotiations, USIB approved a special estimate last Friday. I will summarize its main conclusions, which were cast about three major possible courses of events.

First Scenario

- II. In the first scenario, we appraised the outlook if a treaty is signed and both Panama and the US begin the ratification process.
  - A. The main point here is that the Panamanian Government will be able to obtain prompt ratification of any treaty that General Torrijos endorses and energetically supports.
    1. Torrijos fully dominates the political scene -- a unique position for a Panamanian leader dealing with the US.
  - B. The principal uncertainty here is the timing.

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1. Torrijos probably would act fairly quickly, and before the US Senate did. He would hope, among other motives, to influence the Senate and place the onus for any failure squarely on the US.
- C. Under this scenario, we do not believe that a future Panamanian government would denounce such a treaty, although it is always possible. The advantages accruing to Panama would be substantial, and, perhaps most important, would increase as time passes.

#### Second Scenario

- III. Under the second scenario, we considered the prospects if a treaty is signed but the US Senate fails to act for an extended period or rejects it.
  - A. In the case of extended delay, Panama's reaction would depend on Torrijos' perception of the reasons for the delay and of the chances for eventual ratification -- and on how much confidence he retained in the US executive branch.
    1. Even under the best of circumstances, we believe he would have difficulty

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living with an extended delay.

2. Within a year, Torrijos would bow to nationalist pressure and openly criticize the delay. We could expect some demonstrations and harassment of US personnel.
3. But as long as Torrijos believed the door still open for US ratification, he would control the level of the Panamanian response.

B. The consequences would be much more serious if the Senate refused to ratify a treaty. Nationalistic feelings would be ignited, and give rise to violence and rioting against US installations.

1. After initial disorders, we believe that Panama would begin more calculated acts designed to impede operation of the canal.
  - There would be harassment, such as closure of Canal Zone borders. US personnel would be in physical danger.
  - Terrorists would move against US interests.
  - Torrijos would probably break relations with the US and denounce the 1903 treaty.

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2. International support for Panama would be extensive, especially elsewhere in Latin America. This would deal a severe blow to prospects for a multilateral dialogue and damage the climate for bilateral relations. Regional organizations would be more inclined to exclude the US.

#### Third Scenario

- IV. In the third scenario, we looked at the possibility that the negotiators cannot agree and talks break down. What happens, again, would depend on Torrijos' own perceptions.
  - A. If he believed talks might be resumed on his terms, he would maintain a responsible image for a while.
  - B. If in fact talks were not resumed fairly soon, however, we could expect Panama to follow tactics like those described in the case of Senate rejection -- harassment and a break in relations.
  - C. Torrijos would adopt such tactics quickly if he concluded at the outset of a breakdown that there was no hope for resuming

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the talks. He might well feel a sense of betrayal, and react emotionally and aggressively.

1. If so, his government would then play a greater role in directing the popular response, and there would be a greater chance that members of the National Guard would join in the harassment.
2. There would be less prospect for any meaningful communication between the US and Panama.

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